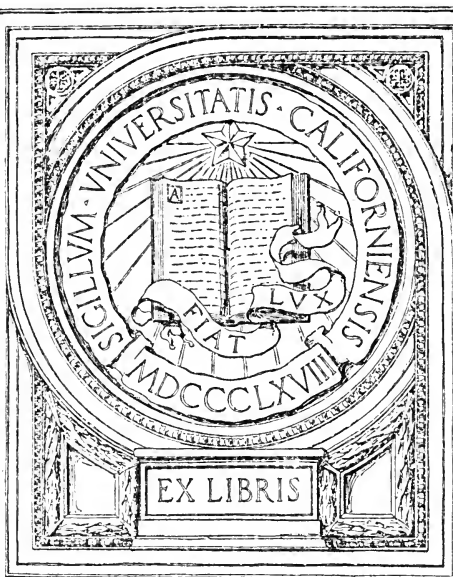


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Rescue the Republic

The Necessity and Advantages

—OF—

NATIONAL OWNERSHIP OF RAILROADS AND TELEGRAPHS

With answers to all objections, and showing the
benefits of State Ownership in other countries,
with statistics, and the opinions of leading
statesmen as to the corruptions and
despotism of Railway Corporations.

—BY—

HON. THOS. V. CATOR

OF SAN FRANCISCO

Formerly a member of the Congressional Committee of the National
Anti-Monopoly League to aid the passage of the Interstate
Commerce Bill

"History proves that the public will not proceed to the logical and final solution of a difficult question until all compromises have failed. The people will not believe that a mere make-shift policy is worthless until they have tried it. They will have no teacher but experience. For these reasons I am willing to aid you in securing the 'Interstate Commerce bill.' But it will disappoint you in its operation. No public question is settled until settled right. There can be no complete solution of the railway problem but the natural and inevitable one of Government Ownership."—FROM SPEECH OF HON. THOS. V. CATOR BEFORE THE NATIONAL ANTI-MONOPOLY LEAGUE, COOPER INSTITUTE, NEW YORK, JANUARY, 1881.

1892.

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National Ownership of Railroads

The time is ripe! The hour has come. The necessity is urgent for Government Ownerships of Railroads and Telegraphs. Delay endangers the existence of free institutions. Any attempt to supervise and control them effectually has proven and is impossible. Control means an attempt by acts of Congress and of Legislatures to create Commissions empowered to fix schedules of rates and tolls. These methods have been conclusively demonstrated to be impossible to execute. In our form of Government, the final refuge of despotism and monopoly is in the courts. The courts have emphatically decided that neither Congress nor the States, by legislation or commission, can provide for or put into operation any schedules of rates or tolls, to bind a railway, which cannot be restrained by injunction, and declared void either by a State or United States court, if upon hearing such court deems it unreasonable. The courts say, that if the schedules fixed by the power of law are not, in the opinion of the court, reasonable, then it amounts to a taking of private property, for public use, without just compensation, and is forbidden by the Constitution of the United States. This has been decided by the Supreme Court of the United States in the cases of *Stone vs. the Farmers' Company*, 116 U. S. Rep., p. 307, and in *Dow vs. Beidleman*, 125 U. S. Rep., p. 680; also in U. S. Circuit Court, in 35 Fed. Rep. 880-886; also by decisions of the courts of last resort of many States, which are quoted in the late case of *Water Works vs. San Francisco*, 82 Cal. Rep., p. 286, where it was held that even where the constitution empowered a board to fix rates absolutely, it could be restrained by the court if it thought other and higher rates proper.

The final absolute decision of our courts therefore is, that the power to fix rates is in the courts, and cannot be placed elsewhere. What, then, is the rule adopted by the courts? It is this: that the rates must pay—first, the interest on the railway debts; second, all its operating expenses; and third, a fair dividend on its capital stock. What these sums amount to must be determined by evidence, and the evidence is, first, the bonds and interest-bearing debt; second, the capital stock as fixed, or increased; third, the expenses of operation shown by the books of the company—because no one is in a position to disprove these books, even if falsely kept, as to operating accounts.

This amounts therefore to allowing the company to fix its own rates, despite and in defiance of any attempt to regulate. So if the Farmers' Alliance were in possession of every branch of Government in States and Nation, it would be helpless to regulate or control railways. Every law or schedule would be immediately stayed by the injunction of a court.

This was done when Judge Brewer, by injunction, forbade the State of Iowa to put its schedule of rates into operation, at the suit of the Chicago and Northwestern Railway Company. It was done when the Supreme Court of California prohibited the City of San Francisco from putting its schedule of water rates into operation—and that such is to be the course, wherever control is attempted, is squarely asserted by Mr. C. P. Huntington in an interview published in the *Examiner* at San Francisco on April 4, 1892. When he was asked what would be done if any political action should be taken by the "Merchants' Traffic Association" to compel a reduction of rates, his answer was as follows:

"I will say that the association may, or may not, draw the company into politics. I think not; but if the Legislature of the State passes acts tending to destroy the value of our property, we shall have to call for *protection upon the Judicial arm of the Government.*"

This proves that henceforth the above doctrine established by the courts is to be the shield of monopolies. They can increase stock and bonds at pleasure. So that no income would be so large but they could show that it was required to pay interest, operating expenses and dividends. They have the Supreme Court of the United States committed to this doctrine. These Judges hold office for life or good behavior. Are we to permit public common carriers to lay the producer under tribute for all time, by fixing their own rates, by taking "*all the traffic will bear?*"

The railway has become the great highway of nations. The producer must have railroads, more and more of them, of the greatest efficiency and operated at the least proper cost. It is a function of Government to own and control all public highways. Corporations which own railroads and seek the largest possible dividends cannot be trustees for the people. They simply seek their own profit. How then can the public control them without owning them? It is idle to say you will favor ownership by the Government if control fails, because every effort to control them has, and of necessity must, fail, until the people own and operate them. How can you expect to join such inconsistent things as private ownership and public control? The right to control, to fix rates, is the very *essence* of property and of ownership. He who cannot control, does not in *fact* own property. If we seek by boards, commissions, legislatures, congresses or courts, to frame methods and sources to control railroads, the inevitable law of self-interest will immediately induce the owner to *own also these boards* of control, by which, as we have seen, all such commissions, legislatures, congresses and courts are elected, packed, owned by that monopoly. So that railroads may say, as did Louis XIV in the supremacy of his despotism, "I am the State." They are the State. They are the Government, because those who own must control or perish. Here, then, is an "irrepressible conflict," continuous in its nature. Lincoln said we could not live half slave and half free. So we cannot

live, and control Government, unless we remove the incentive of railroads to control our Government, and there is but one way to do this—we must own the railroads or be owned by them. There is no middle ground. Experience has already proven, what an inevitable law of industry and private enterprise dictates.

Other Governments own and operate railroads most beneficially to the people. Why should we not do so? Further reference in detail to this will be made in another place in this discussion. But it is no very great matter financially for the people to obtain these roads, or duplicate them by construction. We felt no wonderful strain in paying over six thousand millions of dollars in a war to abolish slavery. There every dollar was outgo. No basis was laid for future income. But we can obtain all the railroads for less than that sum, and in addition save the people over five hundred millions of dollars per year at once, in tolls, and more and more in the future, and at the same time substantially end a source of corruption which will subvert the Republic if permitted to continue.

Let us examine figures:

The railways had on January 1, 1891, in the United States, 163,420 miles of road, capitalized as follows:

Capital stock	\$ 4,640,239,578
Funded debt	5,105,902,025
Unfunded debt	376,494,297
Current debt	271,145,220
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Total capitalization	\$10,393,781,120
The total revenues for the year were	\$ 1,199,722,053
Expenditures reported	1,147,781,393
Which were made up as follows:	
Interest	\$ 226,799,682
Rents and interest paid	59,129,924
Miscellaneous	35,174,333
(Pretended) operating expenses	744,373,838
Dividends	82,303,516
<hr/>	
Total	\$ 1,147,781,393

Excess of total revenue over payments was \$51,990,660, which if added to the \$82,303,616 above mentioned, and also paid in dividends, would have made total yearly dividend on this watered capital stock *apparently* less than 3 per cent. So if all the railroads were under one management they could *by their books compel* the courts to prevent any reduction of present charges. When we remember that they can increase bonds and stock almost at pleasure, it is easily seen that they can *defy* any attempt at honest regulation.

The total honest value of these railways is very little, if any, over \$4,000,000,000 (four billions). But as these bonds and this stock are held by what the law calls third parties, the court adopts the rule that it cannot disturb *vested rights*, therefore it will give interest and dividends on watered stock.

The tendency to consolidation is so great that in a short time all our railways will be in very few and finally in one company.

Imagine the political despotism of such a syndicate! At present, although there are on paper over 1700 companies, yet 41 companies operate 77,872 miles, and 74 companies receive 80 per cent of the amount paid for railway service. C. P. Huntington has announced his desire to see all railroads in the United States under one Syndicate—thus they could more easily escape every attempt at control; and to evade the last vestige of any law which can affect them they will soon be under one management.

A portion of what can be saved by Government ownership is stated in the *Arena* by Mr. Davis, a practical railroad man, as follows :

Savings from consolidations of depots and staffs.....	\$ 20,000,000
Savings from exclusive use of shortest routes.....	25,000,000
Savings in attorney's salaries and legal expenses.....	12,000,000
Savings from abrogation of the pass evil.....	30,000,000
Savings from abrogation of commission system.....	20,000,000
Savings from dispensing with high-priced officers and staffs.....	4,000,000
Savings by disbanding traffic associations.....	4,000,000
Savings by dispensing with Presidents, etc	25,000,000
Savings by abolishing (all but local) officers and solicitors, etc.....	15,000,000
Savings of five-sevenths of advertising account.....	5,000,000
Total.....	<u>\$160,000,000</u>

In addition to this there would be saved :

The annual political corruption fund.....	\$ 30,000,000
Secret rebates to directors, etc., who compose various trusts and combinations.....	50,000,000
All dividends and surplus.....	<u>134,000,000</u>
Total.....	<u>\$214,000,000</u>
Add Mr. Davis' figures.....	<u>160,000,000</u>
Total.....	<u>\$374,000,000</u>

Now, if the Government paid \$5,000,000,000 to obtain these roads, at least \$1,000,000,000 would be paid in currency issued for that purpose. Personally I am opposed to any bonds; but if the remainder, \$4,000,000,000, drew interest at 2 per cent, the interest charge would be only \$80,000,000, against \$226,000,000 paid now by the roads, which would save \$146,000,000 yearly in interest, which added to the above would make the total savings by the people *five hundred and twenty millions of dollars per year at once*.

But it is said by objectors that the employment of so many persons would perpetuate a party in power. This idea is carefully fostered and put forward by monopolists—who at every age of the world are ready to oppose great reforms, by special pleading—and by appeals to false fears natural to the conservatism of mankind. Forty years ago, millions of our people, the vast majority of the nation, admitted the intolerable evils of African Slavery, and were willing to abolish it, but they were held back because they were made to believe it could not be done without anarchy and massacre. They feared that the emancipated slaves would rise *en*

masse, attempt to exterminate their former masters, and deluge the South with bloodshed. This argument was put forth by able men, as well as by party expediency, and the vast majority honestly believed it, just as many now believe that one-twentieth of the people, if employed by the Government, would perpetuate a party in power, against the will of the nineteen-twentieths who were not in public service. Well, the war came; the slaves were emancipated. None of the fears of alarmists were realized. No slave attempted any insurrection. Then those men who had so feared said to themselves: Why, I might have seen there was no such danger. One might see that four millions of creatures, desirous of freedom, would not rise up and become murderers because their condition was improved—and I might have seen that four millions of negroes could not hope to exterminate six times as many whites and therefore they would make no attempt of the kind. None of the evils which monopolies point out ever happen. Gold men of Wall Street have cried out for years, that even limited silver coinage would ruin the country, but it has not done so. But there are many other complete answers to this objection, about perpetuating party power. The ownership of railroads by the people would, instead of perpetuating the power of any party, be a cause for the defeat of any unfaithful party, much sooner than now. The reason why Government officials appear to have undue *activity* in politics is because they are the only persons, outside of monopolies, who *always* feel *their interest directly* connected with the Administration. This is so, because the mass of people find that the Government does not perform any function in any branch of industry. But the moment the whole telegraphic and transportation business passes to public direction and control, that moment every producer and consumer will come to see and feel *himself* closely connected with, and *interested* in, the Administration, and any Administration, in the least degree false to that great trust would be deposed from power, by overwhelming majorities.

Again, the number of persons employed in connection with Railways, who are voters, is about six hundred thousand, or less than one out of twenty of the thirteen millions of persons now entitled to vote. What sane man can suppose that these, if they acted as a unit (which could never be), could uphold any administration against the millions of people who would be more than ever desirous of good government. Add every officeholder, postmaster, telegraphic agent, and person in the public service of the United States, and the whole is less than one out of seventeen voters. To say that such can establish despotism or injure popular right, is an argument suited only for a person who believes all men mad and fit only for Asiatic forms of government.

But these employees are all citizens, and like ourselves, interested to have good times and prosperity, which is the end of government.

Again, the employees of Government when railways and

telegraphs pass to public control, will be under a rigid system of Civil Service, and none but the very Chief Commissioners of transportation can be dismissed with a change of Administration, and those only for cause. Should it be found advisable, those in public employment might be required to refrain from primaries and nominating conventions. Our Federal Constitution, supposing Presidential Electors would act as a deliberative body, prohibits any person in public service from being appointed as a Presidential Elector.

Hitherto no restraint by way of Civil Service has been placed upon officeholders, and they have at times been quite active in politics. But they cannot be compared to employees who would be under regulations, which would be of necessity rigid, and strictly enforced by a department answerable to the people for national transportation.

But officeholders have never had much weight where any *real principle* was at issue between parties. Their influence is never important, except when parties are so little divided as to leave the mass of voters indifferent as to who succeeds; and parties change readily, despite their efforts. The following quotation from an editorial in the "*Chronicle*," San Francisco, February 9, 1890, expresses the matter clearly:

"The argument often advanced against the ownership of railways by the Government of the United States is that the railroads would be converted into mere political machines, and that a party once in power, would be irrevocably lodged there, by virtue of the political influence it could exert through the medium of the Government Railways. This is about on a par with the assertion made every four years, that the Administration cannot be defeated on account of the army of officeholders; but it has taken only four years to doubly disprove such an assertion. The Republicans had the officeholders in 1884, and were beaten; the Democrats had them, rank and file, in 1888, and they were beaten. It is the people who elect Presidents and Congressmen."

The soundness of this illustration is more forcibly shown by the fact that although the Republicans were in full possession of the offices, and of every branch of Government, at the Congressional elections of 1890 they elected only 88 Congressmen out of 333.

Experience has also proven that the people resent nothing more quickly than an attempt of officeholders, or the Administration, to control elections. In New York, in 1882, the favorite for Governor with the Republican masses was Cornell, but the Administration at Washington, by its officeholders, secured the nomination of ex-Judge Folger, and although he was a man of splendid abilities and irreproachable character, the resentful Republican voters from the farms and workshops defeated him by almost two hundred thousand majority, merely because of the undue interference of officeholders.

Again, the operation of railways and telegraphs is no experiment, but a matter most satisfactorily tested by several nations. Telegraphs are operated by Government in Great Britain and many of the countries of Europe. The advantages of a genuine Government Postal Telegraph have been demonstrated by the public speeches and writings of Hon. Chas. A. Sumner better than I can hope to do, and further discussion of this branch is unnecessary. Railroads are owned by Government in Belgium, India, Hungary and Australia, and to some extent other countries. France has conditioned all railway franchises to obtain a reversion to the State, at a certain period, of all such property. There is no place where public ownership has not proven advantageous. In Belgium the average rate for passengers is only one cent per mile. In India the roads and depots are in splendid condition, and rates very far below those in the United States; in some cases about one-sixth of our charges.

In Hungary, State ownership has compelled managers of private companies to admit the superior wisdom of State regulations; although at the outset they said the State could not wisely control. The State determined to establish zones, or belts of distance, in which the charges should proportionately decrease from a given center, becoming proportionately less where population was sparse, thus helping those producers remote from markets, and the result was amazing. In a single year the passenger travel on 5000 miles of road grew from 5,186,277 to 13,060,751. There was likewise large increase in freights, and a relative decrease in operating expense.

The comparisons for charges there, and for the same distances, as near as may be, in California, taking San Francisco as a center, are shown by the following striking table:

HUNGARY.		PACIFIC COAST.	
Miles.	Fare.	Miles.	Fare.
Up to 16.....	\$0 22	San Leandro, 16.....	\$ 0 35
Up to 25.....	0 43	Piole, 24.....	0 70
Up to 34.....	0 65	Benicia, 33.....	1 00
Up to 43.....	0 87	Santa Clara, 43.....	1 25
Up to 53.....	1 09	Antioch, 54.....	1 50
Up to 63.....	1 31	Batavia, 65.....	2 30
Up to 72.....	1 53	Tremont, 72.....	2 60
Up to 81.....	1 75	Santa Cruz, 82.....	2 80
Up to 91.....	1 96	Sacramento, 90.....	3 30
Up to 100.....	2 18	Arcade, 98.....	3 50
Up to 109.....	2 40	Roseville, 108.....	3 60
Up to 125.....	2 62	Sheridan, 126.....	4 10
Up to 141.....	2 84	Marysville, 142.....	4 60
Over 141.....	3 50	Humboldt, 374.....	16 55
To Fiume, 375.....	3 50	B. Mountain, 474.....	21 55
To Predeal, 478.....	3 50		

The above figures are for first-class travel. Second-class tickets in Hungary cost about 16 per cent less, and third-class 50 per cent. On slow trains the fares are still lower.

It will be seen that this plan benefits the producers remote

from centers of population, as well as consumers in those centers, by giving freights lower in *proportion* to the farmers who are remote. This is just what the Pacific Coast especially needs, and would get under Government ownership. A farmer here works *just as hard* as one in New Jersey or Illinois, and by a system of fares and freights, which is lower and lower proportionately, as distance increases from Chicago or New York, the *remote farmer* is enabled to get for his produce very nearly what the one near to those markets obtains; thus distance is overcome, and value of similar labor more nearly *equalized* by State action, for which purpose a wise Government ought to exist. If now we turn to Australia we find the State railways of Victoria, which has a Government practically as democratic as our own, making a grand success of Government railways, where no one but the State is permitted to build or operate them. The "*Chronicle*," in an editorial, February 9, 1890, referring to this matter, says

"Instead of letting corporations build the railroads, and giving land away to induce them to do this, Victoria has kept its land and built its own railroads. Seven years ago the income from the railroads was \$9,000,000; in 1886-7 it was \$12,265,000, and last year it was \$16,500,000. * * * In addition, Victoria owns not only the postal business, as the United States does, but all the express business and all the telegraph business, and last year the profit on these was over \$2,000,000. * * * It will not be many years before the profits on the railroads will pay all the expenses of Government."

The above figures are net income or profit, as for the same year the total *surplus* of Victoria (over operating expenses on railroads, telegraph and postal business) was \$34,400,000.

Victoria is about the size of Kansas; has a population of eleven hundred thousand, with about 2500 miles of railroad and 10,360 miles of telegraph wires. Although wages are higher there than the average in the United States, these railroads had cost only about one-half as much per mile as those of the United States are capitalized at. In proportion to her population the *ratio* of persons in public service is about the same as would be in the United States under public ownership of railways and telegraphs, yet no one has perceived any danger of *perpetuating* any party in power, but the Administration stands or falls on questions of policy as approved or rejected by the people.

What other answers to this objection of perpetuating party power are needed? *The objection falls flat before reason and experimental demonstration.*

But let us view the question of perpetuating power, from the opposite side, namely, from the view which we have before our eyes of our Government now controlled by private railroad corporations. Why will men look to a future mythical and impossible danger

of party domination by Government railroads—when *already*, at this hour, the Government is an industrial despotism controlled by political parties, who are dominated and moved like puppets, at the behest of, and in the interest of private monopolies?

Let the following undisputed statements of commercial bodies and statesmen receive the candid thought of our people. The New York Board of Trade and Transportation, one of the most conservative bodies of merchants in the United States, issued a circular statement upon the dangers and corruptions of railroad domination containing the following extracts :

“When and where has the world ever seen such aggregations of wealth as have been suddenly accumulated by the carrier taxing the producer and merchant?

“The corruption of our elections, legislatures and courts—the undermining of the very foundations upon which our forefathers based our free institutions—the spectacle exhibited to the young, of chicanery and fraud conferring the highest prizes of society upon its most unscrupulous and unworthy members—these are features of our modern life which suggest in the strongest manner a future, if not a present, for our country, *‘Where wealth accumulates and men decay.’*”

“If any are disposed to question the truth of this picture let them consider a few undisputed facts. It is not disputed:

“*That* they control absolutely the legislatures of a majority of the States in the Union; make and unmake Governors, United States Senators and Congressmen, and under the forms of popular government are practical dictators of the governmental policy of the United States.

“*That* within twenty years two hundred million of acres of the public lands have been given to corporations, equal to about four acres for every man, woman and child in the United States.

“*That* this wealth and power has been acquired largely through bribery and corruption. Mr. Gould testified in 1873 that he contributed money to control legislation in four States, and it was proven that the Erie road, in a single year, under his management, disbursed more than \$1,000,000 for this purpose.

“*That* because Senator Thurman was active in compelling the Pacific railroads to fulfill their contracts with the Government, that honest man and able statesman could not return to the United States Senate.

“*That* E. D. Worcester, Treasurer of the New York Central Railroad, testified before the late Constitutional Convention of the State of New York that that road paid \$205,000 one year and \$50,000 another to obtain legislation, and that it was *obtained.*”

Hon. David Davis, once a Judge of the Supreme Court and a Senator of the United States, thus indicates the serious nature of the problem before us :

"The rapid growth of corporate power and the malign influence which it exerts by combination on the National and State Legislatures, is a well-grounded cause for alarm. A struggle is pending in the near future between this overgrown power, with its vast ramifications all over the Union, and a hard grip on much of the political machinery, on the one hand, and the people in an unorganized condition on the other, for control of the Government. It will be watched by every patriot with intense anxiety."

The former Secretary of the Treasury, Mr. Windom, in a letter to the President of the Anti-Monopoly League, says:

"The channels of thought and the channels of commerce thus owned and controlled by one man, or by a few men, what is to restrain corporate power, or to fix a limit to its exactions upon the people? What is then to hinder these men from depressing or inflating the value of all kinds of property to suit their caprice or avarice, and thereby gathering into their own coffers the wealth of the nation? Where is the limit to such a power as this? What shall be said of the spirit of a free people who will submit without protest to be thus bound hand and foot?"

Governor Gray of Indiana, in a message to the Legislature of that State, said:

"In my judgment the Republic cannot live long in the atmosphere which now surrounds the ballotbox. Moneyed corporations, to secure favorable legislation for themselves, are taking an active part in elections by furnishing large sums of money to corrupt the voter and purchase special privileges from the Government. If money can control the decision at the ballotbox it will not be long until it can control its existence."

Governor Bell of New Hampshire, in his inaugural address on Thursday, June 2, 1881, used the following plain language:

"The improper use of money to influence popular elections is a crying evil of our times. It has become so general that little or no secrecy is made of it, and that well-meaning men assume to justify it. But nothing can be more fatal to the security of our free institutions. When the longest purse secures the election to office, we may bid farewell to liberty and virtue in the Government. This matter is too plain for argument."

The third semi-annual report of the Railroad Commissioners of the State of Georgia, submitted May 1, 1881, says:

"The moral and social consequences of these corruptions are even worse than the political; they are simply appalling. We contemplate them with anxiety and dismay. The demoralization

is worse than that of war—as fraud is meaner than force, and trickery than violence.”

Hon. James B. Beck of Kentucky, in one of his speeches in the United States Senate, said :

“It is impossible to have an honest Legislature, State or Federal, so long as representatives are sent who owe their election to, or are personally interested in great moneyed corporation or monopolies. No matter whether they call themselves Democrats or Republicans, they are not the representatives of the people ; they are simply the agents and attorneys of those who seek, by taxing the masses, to enrich themselves whenever they owe their election to monopolists, or are themselves interested in class legislation.”

On the 27th day of January, 1880, Mr. Gowen, the President of the Philadelphia and Reading Railroad, in an argument before the Committee on Commerce of the House of Representatives of the United States, in Washington, said :

“I have heard the counsel of the Pennsylvania Railroad Company, standing in the Supreme Court of Pennsylvania, threaten that Court with the displeasure of his clients if it decided against them, and all the blood in my body tingled with shame at the humiliating spectacle.”

Hon. Jeremiah S. Black, ex-Judge of the Supreme Court and ex-Attorney General of the United States, said :

“All public men must take their side on this question. There can be no neutrals. He that is not for us is against us.”

And observe with care the following extracts from the address made this year (1891) at Chicago, at the unveiling of Grant’s Monument, by Judge Walter Q. Gresham :

“It is worse than idle to shut our eyes to the existence of corrupt methods and practices in our politics, which threaten to subvert our free institutions. * * * And *men who contribute money to buy votes, and to bribe the people’s representatives, as well as those who disburse it, are deadly enemies of the Republic.* * * * They may masquerade in the garb of righteousness, and address the people in the language of patriotism, but their virtues are assumed, they are hypocrites and *assassins of liberty*, and would welcome dynasty rather than shed their blood in defense of popular Government. Their shameless and insidious attacks on free institutions are infinitely more dangerous than the revolutionary teachings and practices of a comparatively few visionary and misguided men and women in our large cities.”

But listen to the report of the Grand Jury of San Francisco—

publicly filed in open court on December 23, 1891, which, after finding that the Legislature elected by the railroad power in 1890 contained an organized combination, with its agents and brokers, to sell legislation to the highest bidders, concludes as follows:

"The rapacious horde ought to be driven into the sea; but are we forced to the melancholy conclusion that the abstention of the *railways* from participation in public affairs *is the only condition of freedom from this defilement?* Is their power all-pervading, and shall there be no limit in point of time to their supremacy? No class seeks to confiscate their property or depreciate the services the managers have rendered the State. But it infects everything it touches politically. For its aims are solely selfish—financially selfish. It has debauched both parties until an honest man cannot, without fear of contamination, aspire to political office."

Henry Ward Beecher told us, in 1881, that five or ten men, controlling ten thousand miles of railroads and billions of property, had their hands on the throat of commerce, and 'if they should need to have a man in sympathy with them in the Executive chair it would require only five pockets to put him there.'

Does not the position at which we have arrived show the truth of the words of Daniel Webster, who said:

"The freest Government cannot long endure, where the tendency of the law is to create a rapid accumulation of property in the hands of a few, and to render the masses of the people poor and dependent."

We have indeed reached the hour foreseen by the prophetic Abraham Lincoln, when near the close of the war he said: "It has been indeed a trying hour for the Republic; but I see in the near future a crisis approaching that unnerves me, and causes me to tremble for the safety of our country.

"As a result of the war corporations have been enthroned, and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands, and the Republic is destroyed.

"I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of the war."

Thus we see, by broad daylight, that it is not Government ownership of railroads, but *private ownership*, which will destroy the Republic. The money they can drain from the public, and use as a corruption fund, will control a vastly greater number of votes than could ever be controlled by Government employees.

But in addition to the money used by railroad corporations, and the terror they inspire in shippers, whom they can injure in many ways, they practically demand political allegiance from most of their employees whenever occasion requires it. An instance of

this is proven from the vote in California in 1882 for Governor Stoneman. The Southern Pacific Company is by preference a Republican corporation, if that party serves its interests as directed from the company's office. But in 1882 the Republican State Convention passed strong anti-monopoly resolutions and nominated its candidate for Governor. The Democratic Convention adopted resolutions perhaps as strong as those of the Republicans. But that was not the point with the railroad company. It was angry because the Republican Convention had kicked—and determined to punish and discipline that party, and show it that its existence in the State depended upon obeying the railroad company. A canvass was made among their employees. In 1880 the Democratic majority was 117 in the State for Hancock, and in 1882 it was 23,519 for Stoneman for Governor—a Democratic gain of 23,402 out of a total vote of only 164,679, or a change of one vote in seven. In Alameda county, where the railroad is most potent, there was a Democratic gain of 2269, out of 9257 votes cast. There the railroad changed one vote out of every four. Now, a change of one vote out of seven would in 1896, when there will be over fourteen million votes in the nation, amount to two million votes in the control of the railroad power in the United States. Which, then, is most potent for perpetuating parties in power—Government ownership under strict Civil Service, or private corporations controlling two millions of votes in the nation?

The enormous evils of unjust discrimination, between not only individuals but places, has been shown times without number. The Cullom Senate committee reported that the most glaring favoritism existed in favor of large capitalists, and that the result was most disastrous to the smaller shippers. Favoritism also is shown to trusts and syndicates composed mainly of directors and large stockholders in the railroads, who thereby *secretly* give rebates to *themselves*. Trusts and combinations have no more powerful ally than railroads in private hands. Recently the Northern Pacific Railway refused to stop its trains or have a depot in one of the largest towns for about a hundred miles on its route in Montana, but passed through and built a depot upon lands of its own, about three miles beyond, in order to build up a new town on its land and thereby enhance its value. Upon appeal to the Supreme Court of the United States it was held that the railway could do this, although some of the Judges dissented and stated that such a power was despotic and destructive of public rights. Still—*it is the law, made so by the court of last resort*. It is well known that the Interstate Commerce law is systematically defied. This has been shown by a recent United States Grand Jury at Chicago. But the devices by which favoritism may be given to friends are so numerous and so subtle that no law can be passed which cannot be evaded by those whose power in Government is so great.

Government ownership is the only remedy. The long struggle for Railroad Commissions served only to cause the companies to

control a majority of the Commissioners. They have been able to do this in nearly every State, and where they cannot do so they can resort to the courts to stay the acts of the Commissioners, as has been shown in the first part of this article.

California is a fair evidence of the Supremacy of Railway power over the Constitution, which, in 1879, laid upon the Railroad Commissioners the absolute *duty* to fix railroad rates and fares in detail; but the Commission has defied the law, and smiles at the the Merchants' Traffic Association, which urges it to proceed to perform the duty enjoined by law. The Legislature has power to remove them from office. But they look to the Railroad to prevent the election of a Legislature that would stand by the public. An editorial from the *Examiner*, San Francisco, February, 1892, refers to this in language showing the subversion of the State by Railroad power. The provision of the California State Constitution is as follows:

"Said Commissioners shall have the power, and it shall be their duty, to establish rates of charges for the transportation of passengers and freights by railroad or other transportation companies."

The editorial quotes this and proceeds to say:

"Nothing could be clearer than this; but a small thing like the organic law of the State cannot, in the light of experience, be expected to stand as a bar against the Southern Pacific having its own way when it wants it. Had we a Railroad Commission composed of men invincible to every influence save their sense of duty, the railroad company would defy it in earnest, and who can doubt what the result of the contest in the courts would be, should the conditions be the same as have hitherto prevailed? Our Judges, State and Federal, have already, in many a California case, taught us that there exists a principle higher than any law, organic or statutory, which will be applied by the Bench when needed. That principle is that men who are influential enough to make and unmake Judges can do as they please."

The very best minds of the nation have favored Government ownership. Among political economists, Professor Richard T. Ely of Johns Hopkins University; among business men, Pierre Lorillard; and among farmers, General John Bidwell—are types of those who have carefully considered the question and pronounced for National ownership. The President of the Chicago and Alton Railroad, in his report for 1891, recommends it; and I am informed that Senator Leland Stanford has said in conversation that he was not prepared to oppose the claim that Government management could give cheaper rates to the people.

It is to be remembered that vast millions would also be saved to the people by the practical destruction of coal and other combinations, which are practically identical with certain great railway

syndicates, like the Reading, Lehigh Valley and Jersey Central combine, by which production is limited and prices enormously enhanced. The ownership by Government of transportation lines includes also the Express business, which would in many cases not exceed one-fourth the present cost. The Pacific Mail Steamship lines would resume their proper functions, and subsidies to prevent competition would cease. Many other advantages might be enumerated, such as the more speedy utilization of patents and improvements in transportation.

The roads in private hands have been productive of enormous destruction to life and limb. Last year the killed and wounded in the United States numbered 35,359. The following gives a comparison between certain countries:

	Killed.	Wounded.
United States	6,334	29,025
Great Britain.....	1,076	4,721
France.....	379	709
Prussia	402	1,379

We have more railroads, but still the number killed in proportion to passengers carried one mile is as follows: In France, one to every 24,000,000; England, one to every 21,000,000; Germany, one to every 9,000,000; United States, one to every 2,800,000. This shows very reckless operation.

Government ownership would abolish an enormous and harassing litigation, now carried on to the death by the companies, regardless of right.

National operation would be of great value in the detection of certain crimes, and in preventing illicit transportation.

Some persons range their objection under the cheap phrase that "they are opposed to paternal government." But all government is of necessity of that nature. These persons when their house is on fire are not opposed to paternal government, by a thorough fire department. If their property is liable to be assailed they do not oppose a paternal efficient police force, or to keep down insurrection a large army and navy under national control. Oh, no! In order that no man or thief shall lay hand on one dollar of their acquisitions, or set foot on one acre of their land, they are desirous of paternal government; but if it is good to so protect them, can it be wrong and bad to institute National ownership of transportation, in order to prevent private corporations from taking all the surplus of producers by the tribute levied to pay interest on stock watered many times? Men who so use this phrase are ignorant of the meaning of words.

The relation of strikes to the railway problem cannot be omitted. The friction between enormous combinations of capital and its wage-workers becomes yearly greater; and of all strikes, those of railway employees are capable of becoming the most disastrous; and strikes of this nature, extending over vast regions, if not at some time over the entire nation at once, are liable to occur, when, as is certain to happen, the corporations pass to a certain few, if

not to a single Syndicate. What can be the result of such a state of affairs? If the corporations attempt to supply this vast field with new men, and should succeed, very great demoralization must ensue, and human life and limb be at very greatly increased danger. But, could a universal or very extended strike on the railways be so handled by the companies as to prevent for a time the loss of tens or hundreds of millions of dollars' worth of perishable products and the prostration of much business? These are serious matters to contemplate, and very properly to be considered in any discussion of Government ownership, where such a thing will not occur. There is no instance of a strike in public service, and for very obvious reasons.

Stock Gambling is the cause of widespread business disasters; produces a feverish state of fluctuations, and is appalling in its moral consequences. The land is filled with wrecks of human beings victims to its delusions. Male and female, rich and poor, all orders of people, are drunken at its intoxicating shrine. This Harlot sits a Queen in the Babylon of Wall Street, holding up the Golden Cup full of abominations. Now, Stock Gambling rose to a great height just in proportion as railroad stocks increased in volume, and eight-tenths of all Stock Gambling is in railroad stocks. While mining stock would leave a limited field for this evil, it can safely be claimed, that with Government ownership of railroads, by which all railroad stock would cease to exist, this evil would be so reduced as to effect a mighty reformation.

But this discussion is already lengthy. The independent and non-partisan press is practically a unit for Government ownership. Upon the Pacific Coast the "*Chronicle*" has repeatedly editorially advocated it. The "*Examiner*" has expressed itself as willing to adopt this demand, and it may be safely asserted that a great preponderance of the scientific and intellectual forces of the country, which have carefully examined the subject, are favorable to this solution. The Farmers' Alliance and all great bodies of industrial producers show strong majorities for it. The whole empire of experience and reason demands it. By this means we may save the Nation from the blasting and withering railroad corruption, to which the gigantic interest of the private companies has brought us. No device or method can ever control railway rates or obtain justice while they are owned by corporations. *National Ownership* is the only remedy. "Neither is there salvation in any other."

Railways, and Circulating Currency are implements of industry. The Government must own the former, and supply and regulate the latter. If this is not done, and done speedily, the masses of the people will be ground to industrial ruin between the upper and nether millstone of these twin engines of modern civilization.

12-70

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0.000

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1.4

15.000

2.600

1.800

0.400

1.300

50

MAKERS.
Syracuse, N. Y.
PAT. JAN. 21, 1908



